



2025 **MANION LECTURE**

featuring the Honourable Jocelyne Bourgon

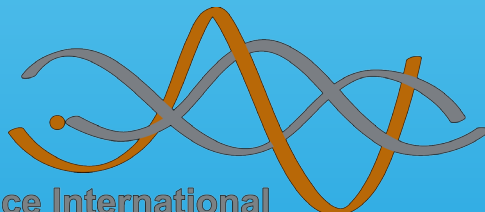
SERVING CANADA IN 2025 AU SERVICE DU CANADA EN 2025 by the

Hon. Jocelyne Bourgon P.C., O.C.

Adapted and extended from the 2025 Manion Lecture,
delivered for the Canada School of Public Service

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Serving Canada in 2025

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Serving Canada in 2025

This text is adapted and extended from the 2025 Manion Lecture, delivered May 5, 2025 in Ottawa, ON. The Canada School of Public Service's flagship annual lecture, the Manion Lecture honours the late John Lawrence Manion, first principal of the CSPS's precursor Canadian Centre for Management Development. Jocelyne Bourgon, Clerk of the Privy Council from 1994-1999, President Emeritus of the Canada School of Public Service, and President of Public Governance International (PGI), was given the opportunity to deliver the year's lecture.

For more on the Manion Lecture, including recordings of past lectures, see the Canada School of Public Service website: <https://www.csp-s-efpc.gc.ca/events/manionlecture/index-eng.aspx>

Introduction

Last November, I gave a lecture in Singapore about the challenges of serving in the second quarter of the 21st century.¹

I argued that governments are facing a convergence of existential threats that are interacting with each other. Climate change is the existential threat that my generation was unable to address. The risk of a pandemic remains high. AI is coming of age, as well as bioengineering and geoengineering; this is presenting new risks and opportunities.

I proposed that serving in the second quarter of the 21st century was serving in a more dangerous world and more challenging time. Today, I would add that serving in 2025 is serving in the midst of the most profound geopolitical realignment in our lifetime.

When the future is uncertain, when ideas and systems that served us well in the past become unstuck, this is when the role of government is the most important and when the potential for invention is the greatest.

Serving in 2025 is serving in a more *challenging world*, a more *dangerous world* and at a most *consequential time*. The challenge for public service leaders the world over is to ensure that their country will be among the few that will successfully navigate through an unprecedented period of change. Your challenge is to ensure that Canada will be among them.

You could not have chosen a better time to be in government! Welcome to serving in 2025.

What is Canada Up Against?

To lead in challenging times requires an appreciation of the magnitude of the changes at play. What is Canada up against?

It took two world wars and tens of millions of deaths for the world to say no more. It was not until WWII that a consensus emerged in the western world that progress and peace could best be achieved through common norms, common rules and common institutions. The United Nations, the Universal Declaration of Human Rights, the Genocide Convention, the World Trade Organization, to name a few, were all born from the ashes of two world wars.

1. Available adapted to text: Jocelyne Bourgon, *Serving in 2025 and Beyond* (Ottawa, ON: Public Governance International, 2024), <https://pgionline.com/wp-content/uploads/2024/12/Serving-in-2025-and-Beyond.pdf>

Taken together they acted as an international protective shield. These measures never amounted to an “international system.” They were never “universally” accepted, but they were sufficiently broadly respected to influence countries’ behaviors.

The principle of the territorial integrity protected the world from territorial invasions. Global trade governed by rules contributed to prosperity while reducing the risks of conflicts. Countries like Canada with a governing system that brought together democracy, rule of law, reliance on the market economy and a social safety net outperformed others during most of the 20th century.

The United States was a key architect of this system and the guarantor of the security of the so-called “free world.” Today, this protective shield is breaking down. Trade liberalism is moving in reverse, protectionism is on the rise and the world is being reconfigured around zones of influence.

Whatever its many weaknesses, the system that operated over the last 80 years contributed to the longest period of growth in modern history and the longest period of peace without great power wars. This is an extraordinary achievement.

Now, this system is falling apart, and remarkably, not because of its opponents but because of the actions of its main architect.

Europe is discovering that its dependence on the USA for its security makes it vulnerable and that it may have to stand alone to defend Ukraine. For Europe, the American pivot is existential. It is about preventing countries from the Baltic to the Black Sea from falling under the Russian sphere of influence.

This will have a ripple effect well beyond Europe. Japan, South Korea and Taiwan have no reasons to believe in US security guarantees. Japan may need to rearm. South Korea may need to develop nuclear weapons. Taiwan’s position relative to China has been considerably weakened. African countries who counted on USA aid may have no other options but to get closer to China. The American pivot on security will not be forgotten.

The US Administration has also initiated a pivot on trade. The Administration is of the view that free trade under a system of international rules no longer serves the best interests of the USA. Continental trade treaties with Canada and Mexico have no value even though they were renegotiated as recently as 2020.

Under this new doctrine, access to the USA market is a privilege that can be monetized. Canada is discovering that its dependence on the American market, thirty-five years of investment in expanding continental free trade, can be weaponized, and that its most important ally is a threat to its sovereignty. The lesson will not be forgotten. US extreme tariff actions against China appear for what they are: repressive actions to contain China rather than to rebalance world trade; China will not forget.

The world has learned and will not forget that the USA is an unreliable partner and even a hostile partner when this serves its purpose. The damage to the USA’s international reputation is irreparable; it took 8 weeks to undo 80 years of patient work to weave the world economy together.

There will be many twists and turns, much chaos and confusion in the coming months and years. There will be attempts to appease and cajole to restore some degree of stability. But, in the end, the world will get reconfigured, and Canada must be part of it.

Prepare for “Warfare”

The old adage “prepare for the worst and hope for the best” applies in spades to the current situation.

So, what is Canada up against? This is not a trade issue, a short-term issue or an aberration. A nativist and isolationist strand runs deep in American society; it has been gaining influence throughout the 20th century. Fortress America took shape under previous administrations and protectionism is likely to continue under future administrations. Meanwhile, the world will reconfigure. European countries will come together. China will not accept to be humiliated. Asian countries will continue to expand their collaboration. The BRICS will continue to expand. There is a very real danger for Canada to become even more isolated than it is now. It would be a colossal mistake for Canada to play for time hoping that this too shall pass.

Canada will always have a special relationship with the USA, this is not in doubt, but the prudent course of action for Canada is to expand its options. This means to work *with the USA* when this is mutually beneficial, work *around it* when this serves Canadian interests and work *with others* to protect its sovereignty.

The word that best captures what Canada is up against is *warfare* - the intention is hostile. The purpose of economic warfare is to weaken a country by undermining its economic capacity and ultimately its viability. It is to compel a country to change its policies, whether its spending at the border, its value-added tax, or its regulations on the high-tech sectors.

Canada is already exposed to economic, political, psychological warfare. *Economic warfare* is not limited to tariffs. It could be associated with sanctions, currency manipulation, limiting Canada’s access to the international financial system or using choke points for limiting access to critical parts, elements or supplies. Canada may be especially vulnerable to *technological warfare* including disruption of its access to communication systems, satellite systems, shared platforms, or access to critical intelligence information. The risk of *psychological warfare* should not be underestimated and the risk of mischief to undermine *Canadian unity* is only too real. We may not have seen the worst of it yet.

When it comes to Canada-US relations, every decision is a strategic decision, and every transaction requires special attention. Canadian policies, systems and infrastructures, ranging from energy, telecommunication, continental security, military procurement, manufacturing, and so on were designed to facilitate continental exchanges. They must now be re-configured to reduce Canada’s vulnerability to its most important trading partner. Canada must come to terms with its vulnerabilities and Departments would be wise to assess their operational vulnerabilities to mischievous actions.

Serving in 2025 is serving in a world of *realpolitik* where dominant players impose their will through coercive measures. It requires *a different mental map*. In an *asymmetrical relationship*, the smaller player does not have the upper hand. It must play *its own-long-game*.

That, Canada can do.

Canada's Own-Long-Game

What will be Canada's own-long-game? The electoral campaign has revealed a fairly broad consensus in some areas: internal barriers, opening up to the world, reducing dependency, Arctic security, etc. The government of Canada, in the coming weeks and months, will have to identify what mix of interventions would best help Canada regain its *economic sovereignty*.

In periods of instability when the situation is in a state of flux, this is when the role of government is most important. There is an opportunity to use the current circumstances to accelerate changes that were needed in any event. Never let a crisis go to waste... there is an opportunity to address issues we were unable to address before.

The impact of the US tariff war on the world economy is intense. The world economy is slowing down.² Canada and the USA had achieved a soft landing after a period of inflation and were set for a period of growth; this is now unlikely to happen.

That said, not all was well in Canada prior to recent events. Canadians like to think of Canada as a G7 country, and indeed it was the 7th largest economy at the time of joining this forum in 1976. Today it is 10th and has just been overtaken by South Korea. It is 19th in terms of GDP per capita,³ 30th in terms of purchasing power parity,⁴ and has been on a downward trend since the mid-1980s. Canadians are getting poorer. Canada's productivity has been on a divergent path from US productivity since 2001.⁵ There is a need to reverse these trends.

An economy that depends on another to the tune of 75% of its exports has already ceded some degree of its sovereignty. There will be much pressure on governments to preserve things as they were, so that the economy may start again when the situation returns to "normal" - but this is not COVID. There should be no turning back to a time when 75 % of Canada's exports were destined to a single market.

Ensuring Canada's future prosperity means generating products and services the world needs on terms the world is prepared to pay. It is generating higher value-added products and services the rest of the world would find hard to emulate. Developing new products takes time, developing new markets requires a sustained effort, and introducing leading edge technologies to increase productivity can be costly. Much of the heavy lifting will depend on private sector investors, entrepreneurs and innovators.

The challenge for governments is to *accelerate adaptation* to a new economic reality while avoiding measures that would delay *necessary adjustments*. It is to assist and mitigate the impact of a trade war while steering Canada through an unprecedented period of transformation.

2. OECD, *OECD Economic Outlook, Interim Report: Steering through Uncertainty* (Paris: OECD Publishing, 2025)

3. IMF data: <https://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD>

4. IMF data: <https://www.imf.org/external/datamapper/PPPPC@WEO/OEMDC/ADVEC/WEOWORLD>

5. Wulong Gu and Michael Wilcox, "The post-2001 productivity growth divergence between Canada and the United States: The role of the information and cultural services industry," *Statistics Canada*, December 21, 2003. <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2023012/article/00006-eng.htm>; see also, on the divergence in GDP per capita from 2014-on, Charles St-Arnaud, "The Lost Decade(s): or how the oil boom masked Canada's economic mediocrity," *Alberta Central*, April 14, 2025, <https://albertacentral.com/intelligence-centre/economic-news/the-lost-decades-or-how-the-oil-boom-masked-canadas-economic-mediocrity/>

Canada has the capacity and the means for building a modern, technologically advanced and innovative economy. It has the natural resources, rare earth minerals, diversity of energy sources, water, space and favorable climate conditions. It has a highly educated workforce and leading edge scientific capabilities in AI, bioengineering, pharmaceuticals and space technologies.

Setting Canada on a better trajectory will be costly and it will take time. The government of Canada is in a relatively better position than others. Canada's debt stands at 49.9% of GDP compared to France at 92.3%, the United Kingdom at 100.5% or Japan at 205.6%.⁶ Prudent management and careful strategic decisions should help ensure that Canada surmounts the current difficulties and *invests in its future*, building a modern, technologically advanced and innovative economy. That is an effort worthy of the best minds in the public service of Canada.

Public Reforms

How can the public sector contribute to a *collective effort* to put Canada on a better trajectory? An ambitious governing agenda needs to be supported by an ambitious public sector reform agenda. There again, there is an opportunity to use current circumstances as a *catalyst* to set the public service on a better trajectory and address issues that need attention in any event.

Not all was well in the public sector prior to recent events. General government spending - *all governments combined* - was 40.5 % of GDP before the pandemic and at 42.5% in 2023.⁷ This is a significant increase. In the federal public service, there were 6900 public servants per million Canadians in 2000⁸ and 9000 in 2024.⁹ The number of executives has more than doubled during that period -- from 4200 in 2000,¹⁰ to 9155 in 2024.¹¹

Citizens are justified to ask probing questions about how they benefited from such rapid growth. On the face of it, growth did not translate into better service to Canadians. Canadians have experienced service breakdowns, long waiting times and system breakdowns. There were an unprecedented number of corruption cases, eroding public confidence. From 1995 until 2019, Canada was among the top ten cleanest countries in the world, Canada is now 15th,¹² according to Transparency International. Canada ranked 6th for e-government and digital services in 2003, per the UN. Today, in spite of rapid growth in the public service, Canada ranks 47th,¹³ and is lagging behind other G7 countries.

6. All numbers based on the most recent IMF central government debt data, covering 2023 - https://www.imf.org/external/datamapper/CG_DEBT_GDP@GDD/SWE/CAN

7. International Monetary Fund, *Fiscal Monitor: Putting a Lid on Public Debt: 2024 Oct* (Washington, DC: International Monetary Fund, 2024), 51

8. Canada, Treasury Board Secretariat, *Demographic Snapshot of Canada's Federal Public Service, 2017* (Ottawa, ON: Treasury Board Secretariat, 2018), 2

9. Canada, Treasury Board Secretariat, "Population of the Federal Public Service," July 11, 2024, <https://www.canada.ca/en/treasury-board-secretariat/services/innovation/human-resources-statistics/population-federal-public-service.html>

10. Treasury Board Secretariat, *Demographic Snapshot of Canada's Federal Public Service, 2017*, 25

11. Canada, Treasury Board Secretariat, "Population of the federal public service by executive level," July 11, 2024, <https://www.canada.ca/en/treasury-board-secretariat/services/innovation/human-resources-statistics/population-federal-public-service-executive-level.html>

12. Transparency International, *Corruption Perceptions Index*, <https://www.transparency.org/en/cpi/2024>

13. United Nations, Department of Economic and Social Affairs, *E-Government Survey 2024: Accelerating Digital Transformation for Sustainable Development*. (New York, NY: United Nations, 2024), 173

Sooner or later, the public service will be asked to reduce its fiscal footprint. How this will be done is of critical importance. It may propel the public service forward and prepare it for the future, or it could erode its capacity to fulfill its mission in the future. What can the public sector do to free resources to contribute to a *collective effort* to put Canada on a better trajectory? What can the public service do to improve its value proposition to society, keep pace with other G7 countries in technological and digital transitions and reallocate resources to serve more pressing needs?

The public service can wait to be given target cuts - this, in my opinion, would lead to suboptimal results - or it can *take the lead* and put forward its most powerful ideas to recalibrate the role of government in society while improving services and reducing its overall fiscal footprint. A proactive approach is always preferable, even if the ideas put forward by the public service are to be rejected in the end. Ultimately, these ideas improve government decision making.

There is an opportunity for a converging governing agenda and reform agenda. An economy fit for the 21st century should be supported by a public service fit for serving in the 21st century.

Learning from the Past

This is where some lessons from the past may prove useful to invent a better way forward.

To lead the public service through a period of change, it is wise to keep an eye on the big picture. Fiscal management is a pipeline with input, a flow that apportioned revenues to a diversity of public purposes, and an allocation for running government operations and programs. The difference between what comes in and comes out is the deficit. It is subject to fluctuations as circumstances affect revenues and expenditures.

At the time of the 2024 budget, revenues were in the range of 500 billion, and the deficit was in the range of 40 billion.¹⁴ Things have gone worse since; by the time of the election the deficit was in the range of 50 billion or more. The vast majority of federal government spending is transfers to other governments, like health and equalisation; or transfers to individuals like elderly benefits, child benefit, and EI benefits.

Let's assume that in a period of instability and uncertainty, this is not the best time to tamper with the social safety net Canadians depend on. So let's leave that aside.

The operating budget of the Government of Canada was 123 billion at the time of the 2024 budget. This is where "austerity measures" would take place; reducing the cost of government by about 50 billion (the size of the deficit in 2004) through austerity measures would mean shutting down half of the government of Canada.

Government programs amounted to 102 billion. These programs are managed by departments. They are essentially transfers to others like international organisations or the provinces from the national infrastructure fund. A "program review" would focus on government operations and government programs (123+102 billion).

This pipeline is constantly adjusting; a trade war or a recession means declining revenues,

14. All numbers are from Patric Harrigan and Emmanuel Preville, "The 2024 Federal Budget at a Glance," Library of Parliament HillNotes, April 19, 2024, <https://hillnotes.ca/2024/04/19/the-2024-federal-budget-at-a-glance/>

increased spending and, as a result, a rising deficit. When major imbalances occur, corrective actions become necessary.

Learning from 1984-93

With this as background, let us look back in time. Past public service leaders had a lot of experience with *spending cuts*. In 1983, the deficit reached 8 % of GDP,¹⁵ compared to around 2.5% currently.¹⁶ Course corrections were needed. Across the board cuts of various kinds were applied 22 times between 1983 and 1994. What can be learned from this?

Expenditure reviews, spending reviews, or “Refocusing government spending” - RGS1 and 2 as they are currently called - assume that it is possible to eliminate the deficit and reduce government spending while maintaining all existing programs and services.

Successive expenditures reductions amount to *death by a thousand cuts*. Austerity measures do not improve service to Canadians. They do not *increase productivity*, and they do not *modernize government*.

Spending cuts are not savings that result from better practices that generate better results at lower costs. Spending cuts do the opposite: they *extract money* while *preserving* programs and services and maintaining existing practices. In fact, they often lead to making all the wrong decisions - like cutting training, international travel or conference attendance that contributes to *learning faster and adapting better*.

Austerity measures are not the solution to the problems Canada is facing.

The greatest success of this period was the introduction of structural reforms - GST, the FTA. Making the agreement with the US was the right thing to do; the mistake was becoming complacent.

Learning from 1994-2000

In 1993, Canada was facing a debt crisis. Debt reached 70 % of GDP. Corrective actions were needed. In response, public service leaders invented “*Program review*.” A program review starts from the premise that to reduce government’s footprint, it is necessary to make decisions about the role of government in society and to stop some programs and services.

The program review of 1995 eliminated a deficit of 6 % of GDP. This was followed by 12 years with surplus budgets and massive re-investments in health, research, innovation, infrastructure, and the like. On the face of it, it was very successful, and indeed it was. The public service can be proud of its contribution to regaining Canada’s *fiscal sovereignty*. However, there is more to learn from this period:

- The need for a program review on this scale reveals the failure to reallocate resources on an ongoing basis.
- It is disruptive. It affected 50,000 employees directly and everyone else indirectly.
- It is time-consuming. It dominated the government agenda during most of PM

15. Jocelyne Bourgon, *Program Review: The Government of Canada’s experience eliminating the deficit, 1994-99: a Canadian case study* (London, UK: Institute for Government, 2009), 9

16. Statistics Canada, “Government finance statistics, fourth quarter 2024,” March 27, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250327/dq250327c-eng.htm>

Chrétien's first term in office.

Learning from the past does not mean replicating it. There are avenues open to the public service that did not exist before. It needs to *invent a better way forward* adapted to today's circumstances. It is possible to invent a way to redeploy resources on an ongoing basis, an accomplishment still to be achieved.

A Different Way

The search for a better way could begin by expanding the range of options available to the public service.

Make Room

An incoming government is justified to take a fresh look at *outstanding commitments* that were made just prior to or during an electoral campaign. These promises were made in a different context and there might be better ways of achieving the desired outcomes at a lower cost. Some initiatives could be postponed, re-scheduled over a longer period of time or cancelled. This may help free up resources to address more pressing needs. As well, certain commitments may be contradictory. It is necessary to reconcile prosperity, solidarity, and fiscal responsibility.

Second, it is worth taking a fresh look at *unfunded initiatives*. Over the years, there has been an increasing number of initiatives with "temporary funding" for 2, 3 or 5 years. There are "sunset programs," "serial sun-setters," etc. This practice distorts the true picture about the size of the deficit. It puts a premium on announcements, leaving to others the burden of managing the situation when funding runs out. This is challenging politically as users may not have been aware that the assistance they received was temporary. It is challenging for departments because temporary programs running over several years require some permanent positions, leading to the need for downsizing and redeploying employees.

A review of programs with "temporary funding" could help ensure that they support government priorities, like reducing dependency on the USA, or that they are phased out. For some departments this may represent as much as 20 to 30 % of their budget.

Taxation has not been reviewed for decades. During the electoral campaign, it was challenging to resist the pressure to announce deficit-financed tax cuts. In a period of high uncertainty, it is important to preserve Canada's capacity to raise revenues. It would be wise to explore options for raising revenues should this ever become necessary. This work takes time; it is preferable to do this well before needed.

While there have been numerous spending and program reviews over the years, to my knowledge, there has not been a *tax expenditures* review since the 1980's. Exposing these measures to the light of day and to Cabinet scrutiny would help ensure that they are aligned with government priorities. It is difficult to tell exactly how much these tax expenditures cost overall - Finance gives no total, and strongly cautions against adding up their individual estimates¹⁷ - but hundreds of billions are involved. A tax expenditure review could free up more resources than any spending or program reviews could ever achieve.

In reality, the list of possibilities to "make room" is much longer. It is for public service

17. Per Finance's annual *Report on Federal Tax Expenditures*

leaders to identify promising avenues in their areas of responsibilities.

Simplify

Let's take another perspective: *Simplify, simplify, simplify.*

Simplifying the organisation of government, the organisation of the work, government systems, legislation, regulation, reporting requirements could generate savings and bring about needed changes. Consider three examples:

Agency Reviews: Experience has taught me that high performance Cabinets are small ones. This ensures that Ministers have a broad span of responsibilities and much flexibility, each one bringing an irreplaceable perspective as member of a Cabinet system of government. A smaller number of ministers also makes it easier to reduce cost. Ministers oversee a department and a portfolio of organisations. Some Ministerial portfolios include as many as 30 organizations.

When I was Clerk, there were 109 departments, agencies, and Crown corporations. Today it is almost impossible to figure out their exact number; using Treasury Board numbers there might be 250 organizations today. Excluding the judiciary, there are more than 2,000¹⁸ senior people appointed by Orders in Council serving part time or full time in these agencies as CEO, board members or the like. Each agency also has its own suite of internal services.

It is not obvious that the proliferation of agencies has led to better results for Canadians. An agency review was planned in the mid-1990s; but it never amounted to much. The idea may be more relevant today. It is legitimate to ask: are all these organisations needed? Could some be integrated with line Departments? What measures would reduce overhead costs and the number of senior appointees?

I am not a fan of government-wide structural reforms. A more agile, flexible approach might be for each Deputy Head, as the most senior official in a portfolio, to work with the Minister responsible to lead an agency review with a view to reducing the number of agencies, consolidating activities and reducing costs. An agency review could be undertaken in a few departments each year. This would free resources but above all it would simplify the organisation of government and reduce overhead costs.

From the Top Down: Spending reviews have always focussed on Departments. It might be worth starting at the top for a change. Coming from a public servant the next suggestions may lack credibility with political staff, but at least, let's consider this.

There were 765 exempt staff in December 2024.¹⁹ That is 60 % more than in 2011,²⁰ and six times the number in the United Kingdom,²¹ a unitary state with a population of 68 million

18. Per the *Briefing Book for the Prime Minister of Canada, 2021* - <https://www.canada.ca/en/privy-council/corporate/transparency/briefing-documents/prime-minister-2021/appointments.html#2>

19. Office of the Conflict of Interest and Ethics Commissioner, *Quarterly Statistical Report 2024-2025 – Q3 – October to December 2024* (Ottawa, ON: Office of the Conflict of Interest and Ethics Commissioner, 2024), <https://ciec-ccie.parl.gc.ca/en/About-APropos/Pages/QuarterlyStatReport24-25Q3-RapportStatTri24-25T3.aspx>

20. Mary Dawson, *The 2013-2014 Annual Report in respect of the Conflict of Interest Act* (Ottawa, ON: Office of the Conflict of Interest and Ethics Commissioner, 2014), 5 - https://publications.gc.ca/collections/collection_2014/ccie-ciec/ET1-3-2014-eng.pdf

21. Per their November 2024 *Special adviser data releases*, <https://www.gov.uk/government/publications/special-adviser-data-releases-numbers-and-costs-november-2024/special-adviser-data-releases-numbers-and-costs-november-2024>

people. In the UK, the role of exempt staff is to do what the professional public service is prohibited from doing. In Canada their role has expanded well beyond the original intent. Today, there is evidence that the expansion of the number of political staff has contributed to an erosion of Ministerial authority and undermined Canada's cabinet system of government.

The lack of direct interface between Ministers and the professional public service has led to well-known cases of policy failures for not taking account of available evidence or implementation failures for not considering execution in policy decisions.

There is room for reducing the number of exempt staff and refocussing their role on what the public service is prohibited from doing. This means focussing on politics: ensuring party unity, working across party lines, building House and Senate support, building political alliances with Premiers and First Nations and so on. The savings may not be important, but the symbolic value of starting at the top would be huge and the impact would be significant.

What about *central agencies*? In the Canadian context the centre of government includes the Privy Council Office (PCO), Finance and Treasury Board.

The growth at the centre of government in recent years has been unprecedented. Between 2000 and 2024, PCO's budget increased by 250%, TBS's by 540 % (partly due to a transfer of responsibilities from the Public Service Commission) and Finance's by 220 %.²² The number of employees increased by 24% from 2010 to 2024.²³ The number of executives was also on the rise. There are currently 10 people at the Deputy Minister level in PCO alone.²⁴

A central agency review is best left to the Clerk and the Prime Minister with the relevant ministers and officials. On one hand, central agencies should get what they need to face what will be asked of them. What lies ahead is unprecedented. Regaining Canada's sovereignty, managing through a trade war, building a resilient economy and society will not be easy. On the other hand, they are responsible for the stewardship of the public service as an institution, and they should exemplify what is expected of others.

Behind the rapid growth is the issue of the role of central agencies. What must be done at the centre of government and what should be done by departments? On this, a few personal observations:

- When the centre of government becomes *operational*, it is at risk of losing its capacity to stay above the fray.
- When it becomes *transactional*, it is at risk of losing its capacity to be strategic.
- When it *loses its drive for excellence*, the public service falls behind its peers.

We should not underestimate the importance of signaling that healthy public finances are a collective project engaging the responsibility of all, from the most senior to the most junior level.

costs-november-2024-html

22. All numbers based on the *Estimates* for 2000-2001 and 2024-2025.

23. Per Treasury Board numbers: <https://www.canada.ca/en/treasury-board-secretariat/services/innovation/human-resources-statistics/population-federal-public-service-department.html>

24. This number was determined by cross-comparing the PCO organizational chart (April 7 2025 version) and Orders in Council.

In summary, a whole host of avenues are open to the public service. A search for a better way begins by expanding the space of possibilities to make room to replenish government's war chest and to build contingency reserves, to simplify in every way that can be done, and to explore avenues that were not explored before.

A Service to Canadians Review

With these steps behind us, it would then be time to focus on departments' spending. At the end of the day, when it comes to modernizing government, improving service to Canadians and reducing the costs of government, the heavy lifting can only be done by departments.

Departments are knowledge, production and innovation public platforms. It is their work in support of government initiatives that gets the most visibility, their work running government operations that matters most for citizens, and their research and analytical work that supports decisions of critical importance.

The capacity of the public service to be responsive to government is not and never was in doubt. This is a public service that rolled out an impressive number of new programs in response to COVID and that has been operating on a perpetual announcement mode ever since.

It is the *service delivery capacity* and the capacity to keep up with its peers that is of concern. Rapid growth in the public service did not translate to better service to Canadians. In fact, it is during that period that the federal public service of Canada lost the most ground compared to its peers. It is hard on the ego of a proud Canadian to think that Canada ranked 6th for e-government in 2003, 14th in 2016, 32nd in 2022, and 47th today,²⁵ right between Mongolia and Armenia. That fact that Canada is not keeping up with other G7 countries should be a source of concern.

Consider that Canada is the only G7 country without a federal unified web sign-in system.²⁶ This is needed for a user-centric approach to government services and to drive down costs. In Canada, users navigate multiple platforms because services are designed around departmental platforms rather than the needs of the people they serve. In the absence of federal leadership, provinces are creating their own identification systems; we are building new interprovincial barriers that will limit future progress.²⁷

In 2025, *the government agenda and the public service reform agenda must converge* and re-enforce each other. A technological and digital transition is essential for the public service to generate better services at a lower cost for society. It is also necessary to support a transition toward a modern technologically and digitally advanced economy and society.

In the mid-1990s the public service was asked to help Canada regain its *fiscal sovereignty*. In 2025, the public service is asked to contribute to a collective effort, alongside citizens, businesses and other governments, to regain Canada's *economic sovereignty* and to put

25. For current data, see United Nations, Department of Economic and Social Affairs, *E-Government Survey 2024: Accelerating Digital Transformation for Sustainable Development*. (New York, NY: United Nations, 2024), 173

26. Office of the Auditor General, *Digital Validation of Identity to Access Services* (Ottawa, ON: Office of the Auditor General, 2024), 8-9

27. See also Creig Lamb, Daniel Munro, and Viet Vu, *Byte-Sized Progress: Assessing Digital Transformation in the Government of Canada* (Toronto, ON: The Dais, 2023).

Canada and the public service of Canada on a better trajectory for the future.

So, what would a review of Departments' spending look like in 2025? The solution needed is neither death by a thousand cuts like in the 1980s or a disruptive contraction like the public sector experienced in the mid-1990s.

The public service needs a more sophisticated approach to reallocate resources and modernize government at the same time. This would be *a service to Canadians review*.

A review centred on services to citizens and users may start as a conversation around the management table or with colleagues about *the future*. What will be the fundamental contribution of a department, a unit, or a program to the wellbeing of Canada and Canadians in the future and at a time when Canada is struggling to regain its economic sovereignty?

Anyone can cut spending - if what remains standing does not matter - but one needs to believe in the importance of the role of the state to reduce costs, improve services, and leave Canada in a better position than before.

To Preserve

Modernizing government, improving services and reducing government footprint does not start by focussing on cuts but on what needs to be *preserved*. This means preserving the critical knowledge, and the critical public assets to make decisions of critical importance for Canada.

Complex issues and existential threats will not go away because the world is in the midst of a self-inflicted trade crisis. Climate changes are not going away - floods, fire and turbulent events are on the rise. Demographic changes won't stop. An aging population will require reconfiguring work, workplace, workforce as well as support systems. The risk of a pandemic remains high. The risk of a serious conflict is higher than before.

The public service must build and have access to the knowledge base to serve the public interest in yet unknown circumstances. Scientific knowledge in meteorology, oceanography, hydrography, geology, technology is a public good. Research on demography, population migrations, rising inequality, social mobility enables informed decisions. The knowledge for early risk detection protects the public.

Critical public assets take years to build but can be destroyed in a few days. The USA is providing a powerful illustration of what not to do. As the destruction of critical public assets is accelerating south of the border it may even be possible for Canada to recruit rare talents in critical areas. New CIA hires are being laid off.²⁸ The National Oceanographic and Atmospheric Administration research office is targeted for destruction, as is half of NASA's science funding.²⁹ CISA, the main cybersecurity agency, is being carved down.³⁰ These are opportunities for Canada.

28. Julian E. Barnes and Mark Mazzetti, "C.I.A. Begins Firing Recently Hired Officers," *The New York Times*, March 6, 2025.

29. Paul Voosen, "Trump seeks to end climate research at premier U.S. climate agency," *Science*, April 11, 2025.

30. Eric Geller, "'People Are Scared': Inside CISA as It Reels From Trump's Purge," *Wired*, March 13, 2025

To Let Go

Knowing what to protect brings greater clarity to what may be stopped - and stopped *with pride*. This step is of critical importance.

Programs or services do not come to an end because they are somewhat wanting but because they have fulfilled their purpose or because governments have more pressing needs. Either way they have served well.

Reallocating resources requires the political will to stop some programs in order to support more pressing needs. It is easier to announce new programs. Closing them is far more difficult. Behind each program there are beneficiaries that will fight to protect their existing benefits. There is no substitute for it.

The situation you are facing in 2025 offers an unprecedented opportunity to reallocate resources, make progress and minimize disruption. The public service will experience rapid growth in some areas and downsizing in others. The growth in defence, border management, arctic security, or trade can be used to ease the transition in areas undergoing downsizing or scheduled to close.

Working as a team, reallocation could be facilitated by a few relatively simple measures:

- Reasonably long lead times before funding runs out for targeted programs would ensure that employees have time to explore new career opportunities.
- Open competition to staff vacant positions in areas of growth would facilitate the redeployment of employees and avoid unnecessary lay-offs.

Building the capacity to *reallocate* means building the capacity to *adapt* to changing needs and circumstances. This would be a significant achievement and a necessary improvement to break from the boom and bust approach that has characterised budgeting in Canada.

Don't freeze staffing - manage vacancies. Don't rely on attrition - facilitate mobility.

To Re-invent

Serving is a process of invention. Every program, and in particular every large-scale program, would benefit from some *re-thinking* periodically. It is possible to reconceptualise passport management, the management of refugee claims, and the system to issue visas. Nothing is stopping the public service from standardizing back-office systems from access to information, to translation, or data research functions. A review of services to Canadians could bring a user and a digital perspective to improving services and lowering costs.

High quality public services provide a country with comparative advantages to attract investments. This will be particularly important over the coming years as the country goes through a transition to reduce its dependency on the US while building a self-reliant modern economy and a more resilient society.

What needs to be done for Canada to be recognised as a country where it is easy to do business? What can be done to provide frictionless services to Canadians at a time of high public anxiety and insecurity? What must be done to accelerate the adoption of technological and digital innovations in government, the economy and society?

In 2025, *technology is on your side*. This was not the case in the 1980's or at the time of the

1995 Program Review. Today, the public service can accelerate a technological and digital transition in government, the economy and society.

So, the solution the public service is looking for is not a death by 1000 cuts like in the 1980s, or a drastic contraction on the scale of what was done in the mid-1990s. The challenge is to do more in some areas, to do less in others, to reallocate resources to serve more pressing needs, and to re-invest to modernize government and society. This is a challenge worthy of the public service of Canada: *a service to Canadians review*.

Conclusion

At the scale of the world, Canada is an exceptional achievement. This is a modern, democratic, inclusive, peaceful society governed by the rule of law. It has, better than most, managed to balance economic prosperity, a commitment to solidarity and responsible fiscal management. It was and will continue to be a magnet for talent. *This is worth fighting for.*

The Canadian economy has underperformed for some time. Course corrections are needed. *This can be done.*

The public service is lagging behind compared to its peers in some areas. Course corrections are needed. *This can be done.*

Regaining Canada's *economic sovereignty* will be hard, it will take time and it will inflict a high cost to all Canadians. There is no denying. But as challenging as the circumstances might be, this provides an opportunity to shape an ambitious governing agenda and a powerful reform agenda, and to set Canada and the public service on a better trajectory for the future. Great things can be achieved when governing and reform agenda converge, and when political will and professional capacity come together.

This chapter belongs to you.

So in closing, here is my two cents worth of wisdom acquired over a lifetime of public service reforms in Canada and abroad.

At the end of the day, it is about **YOU** - what can **YOU** do to make things better from where you are and, in the position, you currently hold, with the resources and the authority available to you - and nothing else? What powerful ideas will **YOU** bring forward as part of a collective effort to put Canada and the public service on a better trajectory?

Do not ask permission for what you already have the authority to do. Do not wait to be asked or for others to go first. Go to the limit of your authority and your capacity to bring about powerful ideas.

Years from now, you will look back and remember proudly that you were part of a team effort to ensure that Canada was among a few countries that successfully navigated through an unprecedented period of change. This is hard work but there is pride and energy in having the chance of writing a new page in the history of one's country.

As a wise person once said, "There are no windows of opportunity for people who have nothing to propose."³¹

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